



UNITED STATES
DEPARTMENT OF THE INTERIOR BUREAU OF LAND
MANAGEMENT

MANUAL TRANSMITTAL SHEET

Release
5-165

Date
07/25/2022

Office Code
HQ-200

Subject: Stewardship End Results Contracting Projects MS-5920 (Public)

FOIA
Designation P
Letter:

1. Updates, supersedes, or rescinds:

MS-5920 Stewardship End Results Contracting Projects 6/2/2016, Release 5-162

2. Explanation of Materials Transmitted:

The Consolidated Appropriations Act, 2018 (P.L. 115-141) contained several new authorities regarding Stewardship Authority. This manual update incorporates all amendments to date to Stewardship Authority as codified in 16 USC 6591c.

3. Reports Required:

Rel. 5-165 will now be (7/25/2022) MS 5920 Stewardship End Results Contracting Projects; Refer to IB2023-063

4. Delegations of Authority Updated:

None

5. Filing Instructions: File as directed below.

REMOVE

All of MS-5920-1 (Rel. 5-162)
(Total: 29 Pages)

INSERT

All of MS-5920 (Rel. 5-165)
(Total: 32 Pages)

S:/David Jenkins
Assistant Director
Resources and Planning

MS-5920 – Stewardship End Result Contracting Projects (P)

Table of Contents

CHAPTER 1 - OVERVIEW 1-1

1.1 Purpose..... 1-1

1.2 Objectives 1-1

1.3 Authority..... 1-1

1.4 Responsibilities 1-2

1.5 References..... 1-5

1.6 Policy 1-6

1.7 File and Records Maintenance..... 1-6

CHAPTER 2 - STEWARDSHIP AUTHORITY CONSIDERATIONS..... 2-1

2.1 Stewardship Considerations..... 2-1

CHAPTER 3 - RELATED LAWS AND REGULATIONS 3-1

3.1 Application of Related Laws and Regulations..... 3-1

CHAPTER 4 - STEWARDSHIP IMPLEMENTATION 4-1

4.1 Project Approval..... 4-1

4.2 Implementation Mechanisms (See glossary for definitions) 4-1

4.3 Payment in Advance of Cutting..... 4-2

4.4 Stewardship Forest Product Sale Best-Value Award Process 4-2

4.5 Stewardship FPS Performance Bonding..... 4-3

4.6 Stewardship 1099 Form Process..... 4-3

CHAPTER 5 - ESTABLISHING PRODUCT VOLUME 5-1

5.1 Lump Sum..... 5-1

5.2 Scale..... 5-1

5.3 Special Considerations for Contracts that Use Scale Volume Determination..... 5-2

GLOSSARY OF TERMS

APPENDIX 1 – STEWARDSHIP PROJECT APPROVAL FORM

APPENDIX 2 – STEWARDSHIP FOREST PRODUCT SALE BEST VALUE EVALUATION AND APPROVAL FORM

APPENDIX 3 - FORM 5920-3 STEWARDSHIP FOREST PRODUCT SALE (LUMP SUM) AND FORM 5920-4 STEWARDSHIP FOREST PRODUCT SALE (SCALE)

APPENDIX 4 – LOG EXPORT RESTRICTION CLAUSE

APPENDIX 5 – PROCEDURES FOR COLLECTING STEWARDSHIP RECEIPTS & FPS BONDS

APPENDIX 6 - STEWARDSHIP FOREST PRODUCT SALE BID PROPOSAL EVALUATION GUIDANCE

APPENDIX 7 – REQUEST FORM FOR NONREFERENCE PAYMENTS

HANDBOOKS

Chapter 1 - Overview

1.1 Purpose

This manual outlines the authorities and provides the policies that form the basis for implementing Stewardship projects. In general, Stewardship authority is a tool that allows for the value of timber and other vegetative products removed to offset the cost of service work within a single contract to achieve land management goals.

1.2 Objectives

The objectives of this manual section are to:

- A. Describe the requisite elements of a Stewardship project.
- B. Describe the requirements specific to the use of Stewardship authority.
- C. Describe the provisions established by the Stewardship authority.
- D. Describe the relationship of laws and regulations for the sale of vegetative materials to Stewardship projects.
- E. Describe the proper application of the Federal Acquisition Regulations (FAR) to Stewardship service contracts.
- F. Describe the roles and responsibilities of BLM personnel in the implementation of Stewardship projects.
- G. Establish a set of terms and definitions for the Stewardship authority.

1.3 Authority

- A. The Agricultural Act of 2014, PL 113-79, Section 8205 (Agricultural Act) (16 U.S.C. 6591c).
- B. The Federal Land Policy and Management Act of 1976 (FLPMA), as amended, (43 U.S.C. 1701).

- C. 16 U.S.C. 620. Restrictions on exports of unprocessed timber originating from Federal lands.
- D. Consolidated Appropriations Act, 2018, PL 115-141, Section 207.
- E. Federal Acquisition Regulation (FAR), Title 48, Chapter 1, Code of Federal Regulations (CFR).
- F. Department of the Interior Acquisition Regulations (DIAR), Title 48, Chapter 14.
- G. Uniform Guidance for Grants and Agreements, 2 CFR, Chapter 200.
- H. Department of the Interior Manual 205 DM 11; 209 DM 7.1 and 7.2; and 235 DM 1.1.

1.4 Responsibilities

A. Director

1. Provide overall policy and direction for the implementation and evaluation of Stewardship contracting.
2. Make necessary delegations of authority that are granted to the Director in 16 U.S.C. 6591c to facilitate the proper and efficient use of Stewardship contracting.

B. Assistant Director of Resources and Planning

1. Designate a National Stewardship Coordinator.
2. Function as the Stewardship Contracting Information Database (SCID) business owner.
3. Implement a management control review process to maintain a high level of accountability for Stewardship contracting.

C. Head of the Contracting Activity (HQ-720)

1. Delegate, in writing, Stewardship contracting authority to contracting officers (CO) and grants management officers (GMO) who have completed the Stewardship training.

D. National Stewardship Coordinator

1. Clarify Stewardship authority through development of policy.
2. Function as the SCID business owner's representative.

3. Assign the appropriate SCID permission to state office Stewardship coordinators.
4. Produce the annual Congressional report mandated by the Agricultural Act.
5. Coordinate the national Stewardship training sessions as needed.

E. State Directors

1. Designate a State Office Stewardship Coordinator for the state(s) within his or her jurisdictional boundary.
2. Ensure that district/field offices enter and maintain Stewardship project and contract data in the SCID.
3. Assess the use and management of Stewardship contracting authority as a part of the BLM's program and activity reviews as applicable.

F. State Office Stewardship Coordinators

1. Serve as the state office point of contact for Stewardship policy and technical questions.
2. Review each project approval form (Appendix 1) to ensure consistency with applicable regulations and program policies and directives.
3. Act as SCID/Stewardship data stewards to provide quality control and oversight of project activity and accomplishments.

G. Contracting Officers

1. Complete the Stewardship training. Contracting Officers must be delegated, in writing, Stewardship contracting authority from the BLM procurement chief prior to awarding a Stewardship service contract.
2. Obtain a copy of the signed project approval form (Appendix 1) prior to issuing the solicitation and coordinate with the State Office Stewardship Coordinator to ensure the requested action falls within the scope of the approved project.
3. Work closely with the project proponent to ensure the goals and objectives of the Stewardship service contract will be met.
4. Ensure compliance with all pertinent requirements of the FAR, the DIAR, and other bureau and departmental guidance.

H. Grants Management Officers

1. Complete the Stewardship training. Grants Management Officers must be delegated, in writing, Stewardship authority from the BLM procurement chief prior to awarding a Stewardship agreement;
2. Obtain a copy of the signed project approval form (Appendix 1) prior to issuing the funding opportunity announcement and coordinate with the State Office Stewardship Coordinator to ensure the requested action falls within the scope of the approved project.
3. Work closely with the project proponent to ensure the goals and objectives of the Stewardship agreement will be met.
4. Ensure compliance with all pertinent requirements of the government-wide financial assistance regulations (Uniform Guidance at 2 CFR Chapter I, Part 200 et seq), 2 CFR Parts 180 and 1400, and departmental financial assistance guidance (e.g., 505 DM 2). This includes determining that a financial assistance relationship is authorized and appropriate.

I. District Managers

1. Review and approve the selection of a source for performance for Stewardship Forest Product Sale (FPS) contracts on a completed evaluation form (Appendix 2).

J. Field Managers

1. Review and approve Stewardship projects using the project approval form (Appendix 1) after the State Office Stewardship Coordinator's review.
2. Designate and direct the bid proposal evaluation member(s) to review and recommend a best value source for performance of a Stewardship FPS contract.
3. Select a source for performance that is informed by the results of the bid evaluation and documented on the evaluation form (Appendix 2).
4. Serve as the Authorized Officer for Stewardship FPS contracts.

K. Project Leads

1. Complete the Stewardship training prior to developing a Stewardship project.
2. Coordinate Stewardship activities that entail the harvest of forest products with the district/field office forester to ensure conformance with forest product conveyance policies.
3. Work with the appropriate CO or GMO to develop a Stewardship service contract or agreement.

4. Forward the project approval form (Appendix 1) to the State Office Stewardship Coordinator for approval.
 5. Lead the technical evaluation under direction of the CO or GMO to identify the best value proposal on Stewardship service contracts or agreements.
 6. Participate in the evaluation of Stewardship FPS bid proposals and recommend a source for performance using the evaluation form (Appendix 2).
 7. Enter new Stewardship projects into the SCID within two weeks of approval.
 8. Enter data from Stewardship projects in the SCID on at least a monthly basis and specifically before fiscal and calendar year ends.
- L. Contracting Officer's Representative (COR)/Contract Administrator (CA)/Project Inspector (PI)/Program Officer (PO)
1. Complete the Stewardship training prior to being appointed as a COR/CA/PI/PO on a Stewardship project. This appointment/assignment may be given but is not restricted to the project lead.
 2. The COR is the on-the-ground Stewardship service contract administrator who assists in the technical monitoring and compliance of the contract. The COR's authorities and responsibilities are defined in the COR designation letter.
 3. The CA is the on-the-ground Stewardship forest product sale contract administrator as delegated by the authorized officer.
 4. The PI performs the on-the-job Government inspection of Stewardship work completed by the contractor. The PI is a functional role of administration that does not hold any authority in the contract. The PI's responsibilities are defined in the PI assignment letter.
 5. The PO serves as the technical representative for financial assistance agreements. The PO's authorities and responsibilities are defined by the GMO in the PO appointment letter.

1.5 References

- A. BLM Manual 1203, Delegation of Authority.

1.6 Policy

The policy of the Bureau of Land Management (BLM) is to implement Stewardship projects that achieve one or more of the seven land management goals set forth in the Agricultural Act and that meet local and rural community needs, as the Act requires. This policy section summarizes the specific requirements of Stewardship authority.

The land management goals consist of:

- A. Road and trail maintenance or obliteration to restore or maintain water quality.
- B. Soil productivity, habitat for wildlife and fisheries, or other resource values.
- C. Setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat.
- D. Removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives.
- E. Watershed restoration and maintenance.
- F. Restoration and maintenance of wildlife and fish.
- G. Control of noxious and exotic weeds and reestablishing native plant species.

Best Value. Stewardship authority also requires that a source for performance of a Stewardship agreement or contract shall be selected on a best-value basis.

1.7 File and Records Maintenance

All Stewardship contracting records will be managed in accordance with established records retention and disposal policies. Refer to BLM Manual 1220, Records and Information Management, for policies and procedures. See the General Record Schedule for information on the disposition of records.

Chapter 2 - Stewardship Authority Considerations

The following authorities or requirements are specific to Stewardship projects.

2.1 Stewardship Considerations

- A. *Best Value Award.* The expected outcome of a source selection for performance that in the Government's estimation provides the greatest overall benefit in response to the requirement. In identifying the proposal that will provide the best value, the BLM may consider other factors in addition to price.
- B. *Preference Award.* Notwithstanding the Federal Acquisition Regulations, the BLM may give a procurement preference to a contractor that would, as a part of the contract, promote an innovative use of forest products, including cross-laminated timber (P.L. 115-141).
- C. *Term.* Notwithstanding 41 U.S.C. 3903, the maximum term for a multiyear contract under the Agricultural Act is 10 years. In addition, the maximum term for contracts and agreements may be up to 20 years on areas where the majority of Federal lands are in Fire Regime Groups I, II, or III as determined by the BLM (P.L. 115-141).
- D. *Offset.* The BLM may apply the value of timber or other forest products removed as an offset against the cost of services received under the Stewardship agreement or contract. For excess offset value, see Receipts.
- E. *Appraisal.* The appraisal method used to value products shall use methods appropriate for the project and may assess product value on a per-acre basis.
- F. *Receipts.* The BLM may collect monies from a Stewardship agreement or contract if the collection is a secondary objective of awarding the contract that will best achieve the purposes of the Stewardship program. Monies from a Stewardship agreement or contract may be collected and retained as a result of product removal and are available for expenditure without further appropriation on any approved Stewardship project. The value of services received by BLM or of payments made or resources provided by the contractor under a Stewardship project shall not be considered monies received from public lands. Receipts shall be collected in accordance with Appendix 6.
- G. *Bonding.* The CO may require a performance bond under 48 C.F.R. 28.103-2, or a payment bond under 48 C.F.R. 28.103-3, in an amount that the CO considers sufficient to protect the government. This provision is specific to Stewardship service contracts (see Section 4.4 for Stewardship FPS bonding).

Chapter 3 - Related Laws and Regulations

This chapter contains laws and regulations that are related to the implementation of Stewardship authority as well as an explanation of the proper actions related to each.

3.1 Application of Related Laws and Regulations

- A. *16 U.S.C. 6591c*. Enacted by section 8205 of the Agricultural Act of 2014, this statute authorizes the BLM to enter into Stewardship contracts and agreements to achieve the seven land management goals listed above, in accordance with local and rural community needs. This statute provides other authorities and limitations as described in this Manual.
- B. *Federal Acquisition Regulation (FAR)*. The FAR is a system of regulations, codified in the C.F.R., that governs federal acquisitions. Stewardship service contracts are executed in accordance with the FAR with several exceptions described in Chapter 2 of this Manual. Stewardship service contracts use standard BLM acquisition contract forms and clauses, but contain an additional price schedule of service and product bid items to facilitate the good-for-services exchange as well as several additional clauses specific to Stewardship contracts. Refer to H-5920-1 for applicable clauses. The FAR only applies to acquisition contracts.
- C. *30 U.S.C. 601-603*. Also known as the Materials Act of 1947, this statute is the basis for most sales (disposals) of vegetative products from public lands managed by the BLM. However, this statute governs only “if the disposal of such ... vegetative materials ... is not otherwise expressly authorized by law.” Because the Agricultural Act expressly authorizes the disposal of forest products for Stewardship purposes, including an appraisal standard, direction for product value offset, and handling of receipts, Stewardship authority is not subject to the Materials Act for authorization to dispose of forest products.
- D. *43 CFR 5400*. The Part 5400 regulations for the sale of forest products, which are based on the Materials Act, do not apply to Stewardship FPSs, service contracts, or agreements.
- E. *16 U.S.C. 620*. This statute relates to the timber export restrictions. Appendix 5 will be added as a clause in all Stewardship contracts or agreements in order to implement this statute.
- F. *Forest Ecosystem Health and Recovery Fund (FEHRF)* (Pub. L 102-381, as amended by Pub. L. 111-88 and Pub. L. 113-235). FEHRF established a special account (subactivity 5900) and authorizes the use of those funds for “planning, preparing, implementing and monitoring salvage timber sales and forest ecosystem health and recovery activities, such as release from competing vegetation and density control treatments.” Timber receipts derived from treatments funded by this account shall be deposited into the FEHRF

account. Subactivity 5900 funds allocated through the budget process for activities authorized in the statute can be implemented using a Stewardship service contract or agreement. However, 5900 funds should not be used to develop and implement Stewardship FPS contracts.

- G. *43 U.S.C. 2601, 2605, 2621, and 2631 (Oregon and California (O&C) and Coos Bay Wagon Road (CBWR) Acts)*. Stewardship contracts or agreements may be used on lands managed under the O&C or CBWR Acts. The Agricultural Act specifies that the value of services received and any payments made or resources provided by the contractor under a Stewardship contract or agreement shall not be considered monies received from the public lands. Therefore receipts generated from a Stewardship project are not subject to the distribution described in the O&C or CBWR Acts. The Agricultural Act did not change other provisions of the O&C or CBWR Acts unrelated to contracting terms and disposition of receipts, such as the sustainable harvest provisions. For Stewardship contracts or agreements, all timber harvested from western Oregon O&C, CBWR, or Public Domain lands that contribute to the annual volume harvest statistics shall be allocated in accordance with the underlying land use allocation as defined in the respective RMP.
- H. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230. Stewardship agreements are executed in accordance with 2 CFR 200 et seq. They use standard BLM financial assistance forms and clauses, but contain an additional price schedule of objectives to facilitate the offset exchange, as well as several additional clauses specific to Stewardship. Refer to H-5920-1 for applicable clauses.

Chapter 4 - Stewardship Implementation

This chapter lists the policies and procedures for the implementation of Stewardship projects.

4.1 Project Approval

The objective of the project approval process is to ensure the proposed project has the requisite elements specified in the Stewardship law and that the project is consistent with BLM policies and directives. The following steps are required to fulfill the project approval process. Note that a Stewardship project is an area delineated where one or more Stewardship contracts and/or agreements (implementation mechanisms 4.2) can be used to achieve the goals of the project.

- A. The project lead completes the project approval form (Appendix 1) and forwards it to the State Office Stewardship Coordinator. Acres, service costs, and product volume and values for the approval form are intended to be high level preliminary estimates and do not require a timber cruise or appraisal at this point.
- B. The State Office Stewardship Coordinator reviews the approval form and signs it or returns it to the project lead with comments for revision. Once a project has been approved by the State Office Stewardship Coordinator, return the signed form to the project lead.
- C. Final approval is granted by the field manager signing the approval form.
- D. The project lead shall furnish a copy of the signed approval form to the CO or GMO prior to issuance of a solicitation or funding opportunity announcement.

4.2 Implementation Mechanisms (See glossary for definitions)

- A. *Stewardship Service Contract*. This contract type is required when the value of the services received by the Government is greater than the value of the products removed by the contractor.
- B. *Stewardship Agreement*. A cooperative agreement may be used in place of a contract for a Stewardship project when the principal purpose of the BLM's relationship with the project partner is to transfer a thing of value to the recipient in order to carry out a public purpose. Refer to Manual 1511 for further details.
- C. *Stewardship Forest Product Sale*. (Stewardship FPS) This contract type is required when the value of the products removed by the contractor is greater than the value of the services received by the Government (Forms 5920-3 or 5920-4).

Stewardship Service Contracts and Stewardship FPS contracts shall include applicable contract provisions that would be found in similar projects implemented through a timber sale contract such as suspension for endangered species, BLM listed sensitive species, and logging safety. Refer to Handbook 5920-1.

4.3 Payment in Advance of Cutting

It is BLM policy that timber and other vegetative products shall not be cut or removed prior to receiving compensation of equal value as established in the contract. Compensation includes the following or a combination thereof:

- A. Stewardship credits (offset) in the form of services rendered to the Government.
- B. Cash payment.
- C. Bond or other form of surety generally accepted by the BLM.

4.4 Stewardship Forest Product Sale Best-Value Award Process

This section describes the steps for a best-value selection of a source for performance for a Stewardship Forest Product Sale (FPS). The best-value process is a competitive process that allows for consideration of both price and non-price factors. Depending on the nature of the project, the relative importance of price may vary. For example, in projects where the requirement is clearly definable, such as a thinning in uniform or marked timber, and the risk of unsuccessful contract performance is minimal, price may play a dominant role in selection. In projects with a less definitive requirement, such as thinning using designation-by-description, or where there is greater performance risk, technical or past-performance considerations may play a dominant role in selection. Since the Stewardship FPS award process requires an evaluation of a bid proposal, a sealed bid process is the only approved method for accepting bids. The following steps constitute a best-value award process:

- A. The project lead identifies the non-price factors important for achieving success on the FPS contract. Common factors include past performance, technical expertise, specialized equipment, and other factors that could reduce the BLM's risk and administrative costs or enhance the resource outcome.
- B. The project lead prepares a Stewardship FPS prospectus which clearly communicates to the prospective bidders by which factors their proposal will be evaluated; the information the prospective bidder must submit; the service and product bid items with volumes; project maps; and details for submitting a bid proposal. A bid deposit is not required. (Stewardship FPS contracts for less than 250,000 board feet of timber may be awarded noncompetitively with justification and approval documented on an evaluation form Appendix 2).

- C. The project lead advertises a call for bids and makes available the prospectus to potential bidders.
- D. After the sealed bid deadline, the field manager designates the evaluation member(s) and initiates opening of sealed bid proposals and the evaluation which is documented on Appendix 2. Use Appendix 7 as a guide for the evaluation process.
- E. The field manager makes the selection on the evaluation form and forwards it to the district manager for approval.
- F. The successful bidder is notified by letter with instructions to furnish a performance bond as computed in Section 4.5 and sign the FPS contract at the field office within 30 days. The letter should state that the contract may be awarded to another bidder if the contract is not signed and the performance bond furnished by the close of business on the 30th day of a certified letter being delivered.

4.5 Stewardship FPS Performance Bonding

The purpose of a performance bond for the Stewardship FPS is to ensure that all 5920-3 or 5920-4 contract stipulations such as equipment removal, resource protection, and road and landing restoration are fulfilled.

A Stewardship FPS shall have a performance bond equal to 10 percent of the difference of the product value minus the service cost. If the resulting amount is less than \$500 then the minimum performance bond shall be \$500. A performance bond shall not exceed \$500,000. The performance bond amount shall be entered into Section 39(a) of the 5920-3 or 5920-4 contract.

4.6 Stewardship 1099 Form Process

The BLM is required to issue an IRS Form 1099 to Stewardship contractors of in-kind payments made for services performed by the contractor. In-kind payments are defined as payments of products that are cut and removed as compensation for service work completed by the contractor. The National Operations Center will use FRIS Reports to query SCID data for the 1099 computation. The following procedures outline the process for computation and information collection for each contract type. This process does not apply to Stewardship agreements.

- A. Stewardship Service Contract (includes IDIQ task orders): The in-kind balance for this contract type consists of the value of products that are cut and removed and applied to the contract as a payment in-kind for completed services. In this type of contract, there is generally not a collection from the contractor unless a collection is made as a payment bond or payment held in suspense for products harvested before the service work is performed. These collections are returned once service work is performed. In most cases,

the collection would not be deducted from the payment in-kind balance because it will be refunded. It is recommended to confirm this for any collections under this contract type.

The total sum of payments in-kind entered on a 1099(s) and issued to a contractor for each contract should equal the value of products that are cut and removed and applied to the contract as a payment in-kind for completed services. In SCID, this is recorded on activity records. In the FRIS report, the data needed to determine the in-kind amount are: State Office, Field Office, Project Name, Contract Name, Contract Type, Contract Number, Contract Status, Contractor Name, Product Activity, Service Activity, and Collection from Contractor.

- B. Stewardship Forest Product Sale: The in-kind balance for this type of contract consists of the value of services completed. The BLM does not provide cash payments to the contractor under this contract type, so any services completed will always be covered by an in-kind payment of products.

The total sum of payments in-kind entered on a 1099(s) and issued to a contractor for each contract should equal the total value of services completed for the contract. In SCID, this is recorded on activity records. In the FRIS report, the data needed to determine the in-kind amount are: State Office, Field Office, Project Name, Contract Name, Contract Type, Contract Number, Contract Status, Contractor Name, and Service Activity.

Obtaining a Tax Identification Number (TIN) from a contractor on a Stewardship FPS: Prior to award of a Stewardship FPS, the project lead must ensure the BLM has a valid TIN for the contractor or one must be obtain. Take the following actions to verify or obtain the TIN.

1. Research the FBMS vendor table to determine if FBMS already contains the TIN.
2. Check for a TIN in the federal vendor registration system.
3. If no TIN number is available after checking these two systems, request an IRS Form W-9 Request for Taxpayer Identification Number and Certification form from the vendor prior to award (<https://www.irs.gov/pub/irs-pdf/fw9.pdf>).

The Stewardship FPS prospectus must contain the following statement to inform prospective bidders of the nature of in-kind payments and the collection of a TIN as a condition of award. “The contract value of services provided in this Stewardship FPS will be compensated through forest product removal and are considered a payment in-kind for services. The BLM will issue a form 1099 for the total amount of payment in-kind on an annual basis. The BLM may ask for an IRS form W-9 as a condition of award to obtain necessary information including a Tax Identification Number necessary to complete a 1099.”

Chapter 5 - Establishing Product Volume

The BLM uses two different methodologies to establish the final volume of forest products conveyed. The purpose of this chapter is to define these methodologies and provide policies for the use of each within a Stewardship contract or agreement.

5.1 Lump Sum

- A. Definition - The volume of product that is designated for removal is estimated and established prior to contract advertisement.
- B. The estimated product volume shall be established in the contract prior to advertising for the bid and any details that give the bidder information on the accuracy of the estimate shall be made available, such as estimation method, sample error, cruise processing reports, and/or a description of the qualitative methods used. The established volume in a lump sum shall not be changed regardless of actual removed volume unless the contract is modified either by removing the designation of some specified product or by designating additional products.

5.2 Scale

- A. Definition - The volume of product that is designated for removal is measured or estimated after cutting, but before use at a conversion facility.
- B. Three common categories of the scale method are:
 - 1. Log scale. Method for measuring the volume of round timber that follows a formula called a log rule.
 - 2. Weight. Method that entails measuring the weight of the product that is sold on a per unit weight basis or converted to some other volume metric.
 - 3. Count. Method that entails establishing a price per each unit and counting the number harvested.

Variations of these three general categories exist and can be used including methods that integrate both weighing and log scaling.

- C. The measurement of products for a scale volume determination shall be conducted by someone that is independent from the contractor/purchaser such as an independent log scaler, weigh station not owned or operated by the contractor/purchaser (unless it has an independent certification, such as a state certificate), or a BLM employee.

- D. The project lead shall establish a contract administration plan to be placed in the administrative file that details the following considerations:
1. A description of procedures that will be taken and/or protections put in place to ensure that all products removed are accounted for.
 2. A description on how measurements will be taken to ensure objectivity and precision.
 3. A description of the steps that will be taken if theft is suspected.

5.3 Special Considerations for Contracts that Use Scale Volume Determination

Contracts that have the final volume determined at the end of the performance of the contract (Scale) will likely have a final volume that is higher (overrun) or lower (underrun) than the volume estimate used to award the contract. Below are the procedures for each scenario. In all cases it is important for the COR/CA to track the volume as it is removed to ensure that the contractor/purchaser is complying with section 4.3 Payment in Advance of Cutting of this manual.

A. Stewardship Service Contracts (Scale).

1. A service contract that overruns will result in the contractor receiving less of a payment from the BLM than was determined at award. If this is the case, the CO and COR will ensure invoices do not exceed the value of services completed minus the value of the products removed. If invoices for completed service work are paid and overrun volume is being harvested without any remaining service work to offset it, the COR must bill the contractor for the product value and collect payments in accordance with 2.a. of Exhibit 5 of this manual. When all services are completed and designated products removed, the CO will modify the contract to add the overrun volume to the product bid item(s) and show the final reduced contract amount.

In rare cases, the overrun could result in the contractor removing greater value of products than services performed. If this is the case, the CO and COR will: ensure that no invoice is paid, collect payment(s) in accordance with 2.a. of Exhibit 5 of this manual for products not offset by service work, and modify and close out the contract when work is complete.

2. A service contract that underruns will result in the contractor receiving more of a payment from the BLM than was determined at award. At the end of the contract when the final volume of products is determined, the CO will modify the contract to reduce the product volume and offset amount which will increase the total payment to the contractor. Stewardship Authority has a permanent operating account that will ensure compliance with the Antideficiency Act. The CO will work with the State

Office Stewardship Coordinator and National Stewardship coordinator to obligate the appropriate funds to cover the modification.

B. Stewardship Forest Product Sales (Scale).

Payments to the BLM in a scale sale are based on the per unit rate determined by the purchaser's bid and specified at award in the contract (usually as an Exhibit B). The total contract value is based upon the per unit rate times the total volume removed minus the value of services performed.

1. A Stewardship FPS that overruns will result in the sum of payments made by the purchaser being greater than the initial estimate.
2. A Stewardship FPS that underruns will result in the sum of payments made by the purchaser being less than the initial estimate. If an underrun results in the total product value being less than the total service value, the BLM will need to make a payment to the Purchaser. The following personnel and steps shall be followed to make this payment after the contract is completed and during the termination process.
 - i. The Authorized Officer will provide to the State Office Stewardship Coordinator a copy of the 5920-4 including the Exhibit B, a record showing the product underrun, and a completed and signed Request for non-referencing payment form (see Appendix 7). If the purchaser has a DUNS number, it will be provided in the form and used to process the payment. However, the BLM does not require purchasers of Stewardship FPSs to have a DUNS number. If a purchaser does not have a DUNS number, indicate this on the form.
 - ii. The State Office Stewardship Coordinator working with the National Stewardship coordinator will identify the funds for the payment and complete the form, sign, and forward the National Operation Center (NOC) Division of Fiscal Service OC-620 for payment.
 - iii. The NOC will process the payment and sign and return the form to the State Office Stewardship coordinator for confirmation. A completed and signed Appendix 7 constitutes a waiver to allow payment via convenience check.

Glossary of Terms

Appraisal. An estimate of product value.

Authorized Officer. An employee of the BLM to whom has been delegated the authority to take action on a Stewardship Forest Product Sale.

Best Value. The expected outcome of a source selection for performance that in the Government's estimation provides the greatest overall benefit in response to the requirement. In identifying the proposal that will provide the best value, the BLM may consider other factors in addition to price.

Contracting Officer. BLM official with delegated authority to enter into, administer, and/or terminate procurement contracts and make related determinations and findings.

Contracting Officer's Representative. The technical monitor on a given contract designated in writing by a Contracting Officer to provide procurement contract administration at the contract site.

Fair Market Value. The price forest products would return when offered for competitive sale on the open market.

Highest Bid. The bid that results in the lowest amount paid by the Government when service costs are greater than the product value; or the bid that results in the greatest amount received by the Government when product value is greater than the service costs.

Offset. Timber and/or other vegetative products conveyed from the Government to the contractor through a Stewardship contract or agreement in lieu of a cash payment for services.

Product. Timber or other vegetative resources that are conveyed through a Stewardship contract.

Program Officer. The BLM individual designated for the purpose of administering the technical aspect of the agreement. For a list of duties, see BLM Manual 1511 Assistance Agreements.

Purchaser. The signing individual on a Stewardship Forest Product Sale. Sometimes the purchaser is referred to as the contractor in the context of Stewardship contracting.

Receipts. Monies collected by the Government for vegetative products conveyed through a Stewardship contract, when the value of such products exceed the cost of services received by the Government.

Recipient. An organization receiving financial assistance directly from an awarding agency to carry out a project or program.

Services. Work provided by a contractor or recipient and described and a Stewardship contract or agreement.

Stewardship Agreement. A financial assistance agreement that utilizes the authority of the Agriculture Act and is implemented in conformance with the Uniform Guidance for Grant and Agreements.

Stewardship Credit. The dollar value of service work completed and accepted by the delegated BLM employee which may be accepted as payment for an equal value of products to be removed.

Stewardship Forest Product Sale (Stewardship FPS). A contract where the value of the products is greater than the cost of the services, entered into under the authority of the Agriculture Act and administered by an Authorized Officer (BLM forms: 5920-3 and 5920-4).

Stewardship Project. An area delineated and approved (Appendix 1) where one or more Stewardship contracts and/or agreements can be implemented to achieve the goals of the project.

Stewardship Service Contract. A contract where the cost of the services is greater than the value of the products, entered into under the authority of the Agriculture Act and administered through the BLM acquisition system using the Federal Acquisition Regulations (as modified by the Agriculture Act). This includes but not limited to: indefinite delivery-indefinite quantity and options contracts.

Appendix 1 – Stewardship Project Approval Form

To be completed by Project Lead – Attach Map of delineated Project Area

Project Name		Field Office	
Project Lead		Title	

Stewardship Objectives (<i>Check all that apply</i>)	
Road and trail maintenance or obliteration to restore or maintain water quality	
Soil productivity, habitat for wildlife and fisheries, or other resource values	
Setting prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat	
Removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives	
Watershed restoration and maintenance	
Restoration and maintenance of wildlife and fish habitat	
Control of noxious and exotic weeds, and reestablishing native plant species	
Other Criteria	
The project meets local and rural community needs (<i>Required</i>)	
NEPA is completed on this project	

Estimated Acres	
Estimated Service Costs	
Estimated Sawlog Volume	
Estimated Product Value	
Project Duration	

Contract Type(s)	
Types of Vegetative Byproducts	

For timber volumes greater than 1 MMBF, does rationale exist to support using Stewardship authority over other tools such as the Forest Ecosystem Health and Recovery Fund? (<i>Explain</i>)
Has the proposed investment of forest product value into service work been evaluated in the context of broader program priorities? (<i>Explain</i>)
To be completed by State Stewardship Coordinator
Project Reviewer Feedback (<i>If needed</i>)

State Stewardship Coordinator
Date

Field Manager

_____ Date

Appendix 2 – Stewardship Forest Product Sale Best Value Evaluation and Approval Form

The purpose of this form is to document the best-value evaluation and award process for a Stewardship FPS.

Project Name: _____

Stewardship FPS number: _____

Dates and mode(s) of advertisement: _____

Evaluation team member(s): _____

List of evaluation criteria: _____

Bid Summary Table (To be filled out by evaluation team)

BIDDER NAME	SCORE, RANKING, OR DESCRIPTION OF NON-PRICE EVALUATION	TOTAL SERVICE COST	TOTAL PRODUCT BID	NET BID AMOUNT	OVERALL RANK
		\$	\$	\$	
		\$	\$	\$	
		\$	\$	\$	

If team members are unable to come to a consensus on the overall ranking, a bid summary table from each member of the evaluation team should be provided to the field manager.

Field manager selection for the Stewardship FPS contract award: _____

Comments: _____

Field Manager

Date

District Manager Approval of selection:

District Manager

Date

Attach the following documents:

- Stewardship FPS prospectus
- Bid Proposals
- Copies of any ranking sheets and evaluation notes including any individual team member scoring, ranking, or description notes

Appendix 3 - Form 5920-3 Stewardship Forest Product Sale (Lump Sum) and Form 5920-4 Stewardship Forest Product Sale (Scale)

[Form 5920-3 Stewardship Forest Product Sale \(Lump Sum\)](#)

[Form 5920-4 Stewardship Forest Product Sale \(Scale\)](#)

Appendix 4 – Log Export Restriction Clause

All federal timber in the contiguous 48 states west of the 100th meridian, including timber from federal rights-of-ways, shall be subject to the restrictions relating to the export and substitution of unprocessed timber from the United States in accordance with 16 USC §620 *et seq* as amended and 43 CFR §5400 and §5424, unless otherwise specifically excepted.

All timber sold to the contractor under the terms of the contract, except exempted species, is restricted from export under the United States in the form of unprocessed timber and is prohibited from being used as a substitute for exported private timber. For the purpose of this contract, unprocessed timber is defined as (1) any logs except those of utility grade or below, such as saw logs, peeler logs, and pulp logs; (2) cants or squares to be subsequently remanufactured exceeding eight and three-quarters inches in thickness; (3) split or round bolts or other roundwood not processed to standards and specifications suitable for end-product uses; or (4) western redcedar lumber which does not meet lumber of American Lumber Standards Grades of Number 3 dimension or better, or Pacific Lumber Inspection Bureau R-List Grades of Number 3 Common or better.

Thus, timber manufactured into the following will be considered processed: 1) Lumber or construction timbers, except western redcedar, meeting current American Lumber Standards Grades or Pacific Lumber Inspection Bureau Export R or N list grades, sawn on four sides, not intended for remanufacture; (2) Lumber, construction timbers, or cants for remanufacture, except western redcedar, meeting current American Lumber Standards Grades or Pacific Lumber Inspection Bureau Export R or N list clear grades, sawn on four sides, not to exceed twelve inches in thickness; (3) Lumber, construction timbers, or cants for remanufacture, except western redcedar, that do not meet the grades referred to in sub-clause 2 and are sawn on four sides, with wane less than ¼ of any face, not exceeding 8¾ inches in thickness; (4) Chips, pulp, or pulp products; (5) Veneer or plywood; (6) Poles, posts, or piling cut or treated with preservatives for use as such; (7) Shakes or shingles; (8) Aspen or other pulpwood bolts, not exceeding 100 inches in length, exported for processing into pulp; (9) Pulp logs, cull logs, and incidental volumes of grade 3 and 4 sawlogs processed at domestic pulp mills, domestic chip plants, or other domestic operations for the primary purpose of conversion of the logs into chips, or to the extent that a small quantity of such logs are processed, into other products at domestic processing facilities.

No person or affiliates of such person who acquires unprocessed federal timber may export such timber or sell, trade, exchange, or otherwise convey such timber to any other person for the purpose of exporting such timber from the United States; and no person may purchase from any other person unprocessed federal timber if such person would be prohibited from purchasing such timber directly from a department or agency of the United States because such person has, during the preceding 24-month period, exported unprocessed timber originating from private lands.

In the event the contractor elects to sell any or all of the timber sold under this contract in the form of unprocessed timber, the contractor shall require each party buying, exchanging, or

receiving such timber to execute an "Export Determination" (Form 5450-17). The original of such determination shall be filed with the Authorized Officer.

Prior to the termination of this contract, the contractor shall submit to the Authorized Officer a "Log Scale and Disposition of Timber Removed Report" (Form 5460-15) which shall be executed by the contractor. In addition, the contractor is required under the terms of this contract to retain for a three-year period from the date of termination of the contract the records of all sales or transfer of logs involving wood products from the sale for inspection and use of the Government.

In the event of the contractor's noncompliance with this subsection of the contract, the Authorized Officer may take appropriate action as set forth in Sec. 10. In addition, the contractor may be declared ineligible to receive future awards.

Appendix 5 – Procedures for Collecting Stewardship Receipts & FPS Bonds

The collections solutions described below are intended to supplement existing regulations and procedures (IM-BC-2005-032). Some Stewardship projects may have unique collections situations that will require additional communication between field offices and the BLM National Operations Center (NOC), OC-621, to ensure proper accounting standards.

One requirement in common between regular timber sales and Stewardship contracting is that, prior to cutting and/or removing any forest products a contractor must establish Stewardship credits, pay in advance for the product, or provide some form of security as a bond.

The scenarios described below are separated into three main categories, based on the specific Stewardship contract situation. They are:

1. Stewardship Contracts where the service cost is greater than product value
2. Stewardship Contracts where the product value is greater than the service cost
3. Stewardship Contracts where product value and service cost are equal

Any specific Stewardship contract will be in one, and only one, of these above categories, which will be based on the outcome of the contract award. Once a Stewardship contract is awarded, it will stay in its specific category unless there is a significant contract modification.

This appendix addresses situations at the point of collections. However, there will be times that a bill will first need to be created in CBS. The preparation of bills will be very similar to regular timber sales, with the primary difference being the use of Stewardship credits. Specifically, for Stewardship contracts, bills will not be created when the value of Stewardship credits already earned exceeds the value of the forest product to be removed. The following are actions to take for each of the three scenarios listed above:

1. Stewardship Contracts where the Services Cost is greater than Product Value

The end result of this Stewardship contracting category is a payment by the BLM to the contractor that should total the difference of the service cost minus the product value. While normal payments to contractors by the BLM are not a function of CBS, Stewardship contracting provisions can allow for the harvesting of the forest products (the product value portion of the contract) prior to the performance of the service work. The BLM policy requires that prior to the cutting and removal of forest products, a contractor who has not yet earned Stewardship credits must either pay the BLM the value of this forest product or provide some form of bond. Therefore, CBS entries may be required during the performance of the Stewardship contract even though the contractor will eventually be reimbursed. Two situations are outlined below with the appropriate CBS CSA entries.

a. Contractor harvests products prior to performing service work

The contractor submits a cash payment(s) for the value of the forest products to the BLM prior to the cutting/removal of the forest product.

Cash payments should be entered into CBS as:

Commodity – Stewardship Contracting

Subject – Stewardship Contracting Forest Products

Action – Stewardship Contracting Deposit for Future Refund (*XL6500DP)

Note: The corresponding Treasury Fund Symbol for the BLM Fund Code XXXL6500DP is 14X6500.011 – BLM Deposit Suspense Account.

Once the contractor performs service work that exceeds the value of the product removed, the payments deposited earlier should be refunded back to the contractor via CBS.

Similar to regular timber sales, the contractor has the option of utilizing a bond in lieu of a cash payment prior to the cutting or removal of any forest products. The use of payment bonds can negate the need for any use of the "... Deposit for Future Refund" CBS entry. Other forms of bonds shall be returned similar to a regular timber sale.

b. Contractor performs service work prior to harvesting products

The contractor will earn Stewardship credits at the rate and value specified in the contract. The contractor is permitted to cut/remove forest products up to the value of the earned Stewardship credits without any advance payment or form of security. No payments to the BLM will be necessary, so there is no need for any CBS entries.

2. Stewardship Contracts where the Product Value is greater than Service Cost

The end result of this stewardship contracting category is a payment by the contractor to the BLM that should total the difference of the product value minus the service cost. This type of Stewardship contract will be very similar to a regular BLM forest product sale; however the receipts will be entered into a different CBS CSA entry. Two situations are outlined below with the appropriate CBS entry codes.

a. Contractor harvests products prior to performing service work

Payments will be made to the BLM similar to a regular forest product sale. However, because only the difference between the product value minus the service cost is considered a receipt to the BLM, contract payments will be considered as receipts in CBS until the threshold (product value minus service cost) is reached. These cash payments by the contractor should be entered into CBS, until the threshold is reached, as:

Commodity – Stewardship Contracting

Subject – Stewardship Contracting Forest Products

Action – Stewardship Contracting BLM Excess Receipts (*XL5506AR) (5920)

Note: Budget Activity 5920 falls under Fund Code *XL5506AR, which corresponds to Treasury Fund Symbol 14X5506 – Stewardship Contract Product Sales, BLM.

If the contractor continues to harvest products above the threshold and prior to performing the service work in the contract, payments similar to the discussion in 1.a above, must be provided by the contractor and entered into CBS as:

Commodity – Stewardship Contracting

Subject – Stewardship Contracting Forest Products

Action – Stewardship Contracting Deposit for Future Refund (*XL6500DP)

As the contractor performs service work and earns Stewardship credits, the value of those credits earned can be used to offset any product value payments until all service work is completed. Once service work is completed and accepted by the BLM, refunds of this overpayment (the amount over the threshold) can be processed.

Similar to regular forest product sales, the contractor has the option of utilizing a bond in lieu of a cash payment prior to the cutting or removal of any forest products. The use of a bond can negate the need for any use of the “... Deposit for Future Refund” CBS entry. Other forms of bonds shall be returned similar to a regular timber sale.

Stewardship credits, once earned, could also be used to satisfy any remaining bond balance.

b. Contractor performs service work prior to harvesting products

The contractor will earn Stewardship credits at the rate and value specified in the contract. The contractor is permitted to cut/remove forest products up to the value of the earned Stewardship credits. No payments to the BLM will be necessary until the value of the forest products cut/removed exceeds the earned Stewardship credits. After that point, CBS entries are required and should be entered into CBS as:

Commodity – Stewardship Contracting

Subject – Stewardship Contracting Forest Products

Action – Stewardship Contracting BLM Excess Receipts (*XL5506AR) (5920)

3. Stewardship Contracts where there is equal Product Value and Service Cost

While the end result of this Stewardship contracting category is no final payments by the contractor or the BLM, as the contract progresses there may be some CBS entries.

a. Contractor harvests products prior to performing service work
The discussion in Scenario 1.a is applicable here.

b. Contractor performs service work prior to harvesting products
The discussion in Scenario 1.b is applicable here.

Appendix 6 - Stewardship Forest Product Sale Bid Proposal Evaluation Guidance

Tradeoff process.

(a) A tradeoff process is appropriate when it may be in the best interest of the BLM to consider awarding a contract to an offeror other than the highest bidder or other than the highest technically rated offeror.

(b) When using a tradeoff process, the following apply:

(1) All evaluation factors and significant sub-factors that will affect contract award and their relative importance shall be clearly stated in the prospectus; and

(2) The prospectus shall state whether all evaluation factors other than price, when combined, are significantly more important than, approximately equal to, or significantly less important than price.

(c) This process permits tradeoffs among price and non-price factors and allows the BLM to accept other than the highest bid. The perceived benefits of the lower bid shall merit the lower net receipts, and the rationale for tradeoffs must be documented and attached to Appendix 2.

Highest bid technically acceptable selection process.

(a) Highest bid technically acceptable selection process is appropriate when best value is expected to result from selection of the technically acceptable proposal with the highest evaluated bid.

(b) When using the highest bid technically acceptable process, the following apply:

(1) The prospectus shall state whether all evaluation factors other than price, when combined, are significantly more important than price.

(2) The evaluation factors and significant sub-factors that establish the requirements of acceptability shall be set forth in the prospectus. The prospectus shall specify that award will be made on the basis of the highest bid of proposals meeting or exceeding the acceptability standards for non-cost factors.

(3) Tradeoffs are not permitted.

(4) Proposals are evaluated for acceptability but not ranked using the non-price factors.

Appendix 7 – Request Form for Nonreference Payments**Request for Nonreferencing Payment**

Instructions - Processing of a nonreference payment requested using this form shall be in accordance with BLM Manual 5920-1. All information is required and must be verified by the Authorized Officer of the contract.

Project Name	
Contract Number	
Contractor Name	
Contractor Street Address	
City, State, Zip	
DUNS number (if available)	
Payment Amount	
Cost code(s) (completed by state office)	Example: L10000000.JE0000 XXX [cost center] [WBS if applicable] \$500

The contract referenced in this form was a scale sale that underrun resulting in the BLM owing the contractor (purchaser) for services performed that were not offset due to insufficient product volume.

 Authorized Officer

 Date

The payment amount, payee information, and cost code information has been verified.

 State Office Stewardship Coordinator

 Date

The payment has been processed.

 OC-620 Fiscal Specialist

 Date

HANDBOOKS

[H-5920-1 – STEWARDSHIP END RESULT CONTRACTING PROJECTS](#)